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Regional devolution and regional economic success: myths and illusions about power¹

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Introduction

Following its election in 1997, the 'New Labour' government in the United Kingdom promoted the concept of regional devolution, leading to the creation of unelected Regional Assemblies in the English Regions. In 2002 the Government White Paper *Your Region, Your Choice: Revitalising the English Regions* brought the prospect of elected Regional Assemblies to those English Regions that wanted them (see ODPM, 2004a). As in many other instances over the last sixty years, north-east England was intended to be the laboratory in which this experiment in a new form of regional policy was to be first conducted. However, early in November 2004 the residents of the region decisively ejected – by a majority of 4 to 1 – proposals for an elected Regional Assembly. This event and the debate leading up to it provided the context and stimulus for this paper. The proposition that regional devolution in and of itself will lead to economic success has become deeply embedded in beliefs and policy discourses about the determinants of regional prosperity and in turn has led to political demands for such devolution. In this paper I seek critically to examine such claims.

The remainder of the paper is organised as follows. First, there are a few introductory comments on concepts of power, regions, the reorganisation of the state and of multi-level governance, and governmentality, which can be used to help understand the issues surrounding regional devolution. Then I examine the ways in which north-east England was politically and socially constructed as a particular type of region, with specific problems, in the 1930s – a move that had lasting significance to the present day. Moving on some six decades, I then examine contemporary claims about the relationship between regional devolution and regional economic success, which find fertile ground

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in the north-east precisely because of its long history of representation as a region with a unified regional interest. I then reflect on the processes of regional planning, regional strategies and regional devolution and their relationship to regional economic regeneration. A brief conclusion follows.

Conceptual groundings

Concepts of power

Drawing on the work of Allen (1997, 2003, 2004), three concepts of power can be identified. These varying conceptions stress different aspects of power and the processes through which it is constituted and produced. Although Allen regards each of them as inadequate in some way, they nonetheless provide conceptual tools through which issues of regional devolution and devolution of power to regions can be interpreted.

The first conception, drawing on critical realism, is a 'centred' one of power as an inscribed capacity of individuals or institutions, which possess power by virtue of their constitutive social relationships. It is located: that is, centred in agencies (individuals or organisations) as a consequence of the structure of these relationships. As a result, these varied agencies acquire specific capacities that allow them to seek to secure desired outcomes. For example, the state can be seen as possessing power as a consequence of its relationship to capital and the requirement that it has a degree of relative autonomy from other social agents and classes. However, possession is not synonymous with the exercise of power. The capacity to exercise power and dominate - that is, control, command or direct the actions of others - is only realised contingently, under specific circumstances and conditions. Thus the ability to maintain power relations is inherently problematic, precisely because contexts and places are multiple and varied.

Equating power with domination emphasises the asymmetries among those involved in power relations. Those exercising power can exert 'power over' those subject to the exercise of that power. As a result, outcomes are inherently unequal, with 'winners' gaining at the expense of 'losers'. In this sense, this conception tends to conceive power relationships as zero-sum games, with only a fixed amount of power (and resources) in play. Whether the assumption of a fixed 'lump of power' is a necessary one in accounts informed by critical realism remains a moot point, however.

The second conception of power is a 'networked' conception. Power is conceived as a resource for achieving diverse ends, emphasising 'power to' and the ways in which power is generated to achieve desired outcomes rather than how power constrains action. Power is not inherent in social relationships but, in contrast, is produced via mobilising resources to achieve particular goals. In this view, for example, the state develops power to act via the relationships and alliances that it forges with other social actors or stakeholders. This networked conception, with networks criss-crossing and overlapping, also raises the possibility that power is a fluid medium, variable

in amount depending on context rather than a fixed quantity. It suggests that the power of those enrolled in a network can be increased via their participation in it relative to non-participants, at least for as long as they remain members of the network. Whether all participants increase their power equally is another matter, however.

The third conception of power is diagrammatic and Foucauldian. Power is conceived as a technology - a series of strategies, techniques and practices - that works on subjects. It is exercised through groups or organisations rather than held or possessed or centred in them. Power is conceptualised as fluid and relational, exercised from innumerable points within civil society, the economy and the state – thus many agencies and institutions are involved within productive networks of power. The key issue is that of the techniques through which the conduct of others is moulded and their range of actions limited and processes of governing enacted ‘at a distance’. Thus power is seen as ‘productive’ as people are subjectively constituted via routinised and ritualised practices etched in disciplinary modes of power that have a hegemonic, unquestioned existence.

The Foucauldian notion of power/knowledge and concept of power as fluid and relational emphasises state/civil society relations in systems of governing. The focus is not upon who has power or the right to know/not know (that is, on a search for a single universal locus of power) but upon ‘matrices of transformation’ and the complex diffusion and inter-relation of power throughout society. Nonetheless, Foucault privileged the role of the state (the “macro-physics of power”) as “the point of strategic codification of the multitude of power relations (“the micro-physics of power”) and the apparatus in which hegemony, meta-power, class domination and ‘sur pouvoir’ are organised” (Jessop, 1990, 239).

Concepts of regions

Essentialist conceptions of regions are no longer intellectually tenable. Regions are not ‘out there’ waiting to be discovered. They are socially constructed, both discursively and materially, in relation to specific criteria, although political actors and particular interest groups may seek to define and defend them in essentialist terms. It is important to understand why this is so, not least in relation to arguments about regional devolution, in two respects: first, the constructions of regions as objects of policy; secondly, the construction of regions as subjects of policy and issues such as who claims the right to speak for the region, to define the region and its interests, prioritising some interests over others. As Councillor Bob Gibson, Vice Chair of the North East Assembly put it in September 2002: “The North East has a clear identity, geographically, culturally and historically. Of course there is much diversity within the region ...[b]ut where necessary the region can come together and speak with one voice” (cited in *Snapshot*, September 2002).

This recent re-thinking of the region is predicated upon a strongly relational approach: regions are seen as constituted from spatialized social relations, stretched out over space and materialised in various form, and

representational narratives about them (for example, see Amin, 2004). The spatiality of the dynamics of capitalism, the uneven geographies of their mechanisms of growth and decline and the stories told about them, represent one way of conceptualising the processes underlying the (re)construction of regions. Regions can be seen as products of complex condensations of social relationships, of varying density and variety, which combine contingently in specific time/space couplings to produce what are, in the last analysis, unique regions. The simultaneous combined and uneven development of particular regions reflects a shifting engagement with mechanisms of growth and decline as these are stretched over space in the flux of real historical time (Harvey, 1982).

This relational approach therefore provides a way of thinking that discloses a region which is by no means necessarily a whole, with the characteristics of coherence which that term implies; nor is it necessarily a bounded and closed entity. Thinking about a region in terms of stretched out social relationships reveals a complex and unbounded lattice of articulations constructed through and around relations of power and inequality. It is a discontinuous lattice, punctured by structured exclusions, with intra-regional variation “because of the uneven nature of the overlay of different [defining] criteria” (Allen et al., 1998, 55-6). Each relational network has its own spatial reach, which may not be coincident, although they may mutually influence one another. Intra-regional heterogeneity and discontinuity implies that, metaphorically, the fabric of regions is torn and ragged. Consequently, the issue is not how and whether to draw lines around regions but to seek to understand the processes through which they are (re)produced (Hudson, 1990).

Allen et al. (1998, 143) argue that an adequate understanding of regions can “only” come about through conceptualising them as open, discontinuous, relational and internally diverse. Furthermore, there is ample empirical evidence that, on average, the frequency, intensity and spatial reach of such extra-regional connections have tended to increase as the social relationships of capitalism have become more stretched and re-defined spaces in new ways. However, the density and geography of linkages can decline as well as increase in particular regions – for example, because of devalorisation and disinvestment decisions by transnational companies or political decisions to seek a greater degree of regional closure precisely because of the character of extra-regional relations, linkages and distanced network relationships. Social and political actors often seek to increase the extent of regional closure and represent regions as closed, continuous and internally homogeneous and, as such, legitimate subjects seeking to shape policy. Consequently, while many of the social relations that help constitute regions traverse their immanent boundaries and enrol extra-regional actors in the process of regionalisation, these trans-boundary relationships may, in some cases, produce what may be termed “closure”.²

² This is a slightly different, but more nuanced, interpretation of the links between “openness” and “closure” than I have previously argued (for example, see Hudson, 2001, Chapter 8). I am grateful to Joe Painter for suggesting it and emphasising that territoriality can be the effect of certain kinds of networked relationships.

Concepts of the reorganisation of the state and scalar shifts in modes of governing

Drawing especially on recent changes in the European Union, Jessop (1997) refers to the “reorganisation” of the state as a triple process of de-nationalisation (hollowing out), de-statisation of the political system and the internationalisation of policy régimes. The extent to which regulation is carried out at sub-national scales is of particular relevance in the context of debates about devolution to regions. Such pressures ‘from below’ are generated by regionalist and nationalist movements, seeking to create more powerful sub-national spaces of governance and regulation within the boundaries of national states. However, national states are not innocent and passive by-standers in these processes of territorial decentralisation of power and/or responsibilities. For example, states may seek to preserve the integrity of their national territory via granting increased autonomy to regions within their boundaries or seek to contain fiscal crises by devolving responsibility (but not commensurate resources) for economic development to regions.

These varied pressures have reinforced tendencies to shift regulatory practices from the national level and so bring about qualitative changes in relationships between national and regional levels. It is, however, important not to overstate the extent of such changes. There is a long-established sub-national territorial structure to state power in response to requirements for administrative efficiency and political legitimacy. Increasingly, however, there have also been pressures further to shift the power to shape policies for regions to the regional level. This involves decentralisation of the power to decide and resources to implement decisions rather than regions simply administering central government policies, which is intended to produce a greater correspondence between administrative spaces and the meaningful spaces of the regional life world. As a result, more complex architectures of political power and spaces of governing have emerged.

As well as scalar shifts, there has been a change in emphasis from government to governance in systems of governing. Regulatory capacities have been shifted “outwards” to non-state organisations with enhanced significance placed upon social practices beyond the state. A range of organisations and institutions within civil society has been incorporated into processes of governance. This has been particularly associated with the promotion of network concepts and networked forms of regional governance (Hadjimichalis and Hudson, 2003). The growing emphasis on governance is recognition of the increasing importance - or perhaps more accurately is increasing recognition of the importance - of the institutions of civil society in securing the conditions under which the economy is possible. It acknowledges the social constitution of the economy, the embedding of the economy in cultural forms and political arrangements.

In summary, the reorganisation of the national state involves moving regulatory capacities between scales within state structures and outwards from the state into the institutions of civil societies and back into the economic institutions of markets. The concept of reorganisation denotes the emergence of new, more complicated structures of governing, involving re-defined relations between economy, society and state and complex links within multi-scalar systems of

governing. However, this does not resolve the problems stemming from crisis tendencies in state activity but transposes them to different spatial scales and into civil society or back into the economy. Moreover, national states retain a key role as “scale managers”, shaping decisions about scalar shifts in regulatory capacity, serving as centres of persuasion and authors of narratives about change and reform and centres of interpretation and dissemination of knowledge about experiences elsewhere (Peck, 2003, 357). The critical issue is not the demise but the character of the national state, the type of regulatory régime that it maintains, the geometry of that régime and the extent to which it involves devolution to the regional scale, and the form of capitalist economy that it seeks to encourage.

Concepts of governmentality

The Foucauldian concept of governmentality further illuminates the processes of reorganising the state and attempts to create the region as a political subject and the regional as a new scale of governing. While the emphasis on the national as the dominant space and spatial scale of regulation can be seen as expressive of one governmentality, the shift to concepts of multi-level governance and of re-defined boundaries between economy, civil society and state in the processes of governing can be seen as both indicative and constitutive of another governmentality. Not least, the spatial object of policy and the spaces of governing are seen to encompass more than just the national.

Government can be defined as “any more or less calculated and rational activity, undertaken by a multiplicity of authorities and agencies, employing a variety of techniques and forms of knowledge, that seeks to shape conduct by working through our desires, aspirations, interests and beliefs, for definite and shifting ends and with a diverse set of relatively unpredictable consequences, effects and outcomes”. A mentality might be described as “a condition of forms of thought and is thus not amenable to be comprehended from within its own perspective. The idea of mentalities, then emphasises the way in which the thought involved in the practices of government is collective and relatively taken-for-granted, that is, is not usually open to questioning by its practitioners” (Dean, 1999, 11-16). There are clear similarities to the doxic qualities of Bourdieu’s (1977) concept of habitus and Gramsci’s (1971) concept of hegemony.

Bringing ‘government’ and ‘mentality’ together, governmentality emphasises the how rather than the why questions and the structures of government and governing. Governmentality “is intrinsically linked to the activities of expertise, whose role is not one of weaving an all-pervasive web of ‘social control’, but of enacting assorted attempts at the calculated administration of diverse aspects of conduct through the countless, often competing, local tactics of education, persuasion, inducement, management, incitement, motivation and encouragement” (MacKinnon, 2000, 296). Moreover, such activities are territorially-demarcated. Space is an important element of governmentality because “to govern it is necessary to render visible the space over which government is to be exercised. And this is not simply a matter of looking:

space has to be re-presented, marked out" (Thrift, 2002, 205), emphasising that regions need to be defined, represented and marked out, as both objects and subjects of governing.

This thereby locates the space of the region as one element in wider circuits of power and regards the specific activities of those acting as or for the region as themselves to be explained - the black box of the region must be opened up to explain how it can perform as a political subject. The creation of such a regional bloc can only be achieved through the successful realisation of specific regional projects that unite diverse social actors around a distinct line of action in the regional interest. However, achieving such unity is always a contingent matter. Even if it is achieved, however, there is no guarantee that such projects will always and only have their intended effects precisely because of the inability to anticipate the emergent properties of practices.

The concept of governmentality has several significant consequences relating to issues of regions, regional policies and regional devolution. The first relates to the constitution of the objects, subjects and spaces of government. For example, regional economies are constituted via regional statistics, which have a key role in 'making economies visible' and constituting them as objects for policy action. Secondly, Latour (1987, 237-40) emphasises the key role of "centres of calculation", critical nodes in which information on distant objects is brought together, compared, combined, and aggregated via use of mathematical and statistical techniques, thereby enabling government to "act at a distance" on objects, such as regions, through its programmes and policies. Thirdly, it highlights "the specific mechanisms, procedures and tactics assembled and deployed as particular programmes are materialised" (MacKinnon, 2000, 295) and through which governmental programmes are activated and put into practice. Particular techniques and practices become governmental because they can be made practical, transformed into concrete devices for managing and directing reality. Inscription (for example, writing down agreed quantitative targets for regional economic growth) and calculation are key technologies, "responsibilising" and disciplining actors to the claims of central authority (Rose, 1996). These technologies render reality "stable, mobile, comparable, combinable", enabling government to act on it (Rose, and Miller, 1992, 185).

Such moves are not unproblematic, however. For example, there are tensions between decentralisation to regions and the development of new managerial technologies at national level to steer the activities of regional agencies and ensure that they deliver national policy objectives. Regional spaces become simultaneously objects and subjects of national government, and via "the combination of flexibility and standardisation (that is, different levels, same targets) ... gives governmental technologies their utility as instruments for managing space" (MacKinnon, 2000, 309). However, granting a degree of autonomy to enable regions to become political subjects also creates the possibility of enclosure, an empowering capacity to resist the intentions of central government towards those regions as objects of its policies and create

capacity for the elaboration of alternative regional projects, indicative of the more general contradictory tendencies that plague state policies³.

The case of north-east England: the construction of a region and the campaign for devolution

Historical antecedents: constructing a new governmentality and the construction of north east England as a region in the 1920s and 1930s

The dominant liberal mode of regulation on the Great Northern Coalfield in the four decades from the 1870s gave primacy to the market as a resource allocation mechanism, asserted the common interest of “masters and men” and restricted the role of the state to the establishment, maintenance and regulation of markets (Moore, 1974). The dominant organisations within these new arrangements were a small number of vertically-integrated coal combines, with the bulk of their capital fixed within the region (Carney et al, 1977; Hudson, 1989)⁴. However, these arrangements increasingly came under pressure, especially in the depression of the 1920s as the boom conditions of the war-time economy evaporated and export markets for coal, steel and ships collapsed. Increasingly, the existing mode of regulation became untenable, as the practices of governmentality in which it was grounded became fragile and contested. The majority of combine interests reacted in the same way. Locked into a liberal governmentality, the problem as they saw it was that the war had “distorted 'normal trade’”, so the solution lay in restoring the previous mode of regulation, cutting wages and raising the number of hours worked. This resulted in chronic mass unemployment. In the Liberal world this could only happen because the cuts were not severe enough. Thus the failure of the policy in practice resulted in its intensification.

While there was an active search for 'new' solutions appropriate to the new conditions, especially after the general strike of 1926 when the dangers to social stability of single-minded wage cutting were amply demonstrated (especially to non-coal combine capitalist interests: Gilbert, 1976, Chapters 10 and 11), in practice these made things worse. Influential members of combines in the north-east were appalled at the damage done to their interests (economic and political) by the failures of both the old mode of regulation and the politics of reaction that these failures set in motion in the 1920s. By the early 1930s, therefore, the liberal mode of regulation and the

³ Rose and Miller (1992, 190) more generally argue that an unintended consequence of concentrations of expert knowledge is that they can give rise to “enclosures”, tightly bound sites of vigorously defended professional expertise, resistant to the wishes of government.

⁴ Harvey (1917) coined the term ‘coal combine’ to denote capitalist enterprises rooted in the ‘coal economy’ that had diversified into other activities and were linked into oligopolistic groupings that dominated economy and politics in the region. In addition, they were connected by non-economic relationships, including those of family, friendship, and shared religion. This puts the recent emphasis upon the importance of such linkages and “untraded inter-dependencies” (discussed below) into historical context and emphasises the dangers of confusing changes in thought about the economy with changes in the economy itself (cf. Hall, 1991).

conception of governmentality in which it was embedded were shattered but it was unclear as to what might replace them.

By the mid-1930s, however, there was evidence of an emergent alternative governmentality and a considerable commitment in the north-east to search for a new mode of regulation and new policies, to explore the possibilities for capital in selective state intervention and protectionism to defend 'regional interests'. Capitalist interests succeeded in bringing about two critical and related developments: the definition and "making visible" of the north-east as a region, and as a particular sort of "problem region"; and the shaping of emergent forms of state policy to address those problems, the transition from a liberal to interventionist mode of regulation as an integral part of creating a new governmentality regarding relationships between capital and the state and the objects of state policy (Carney and Hudson, 1978; Hudson 1989; Hudson, 2005). Chambers of Commerce, as collective representatives of capital, played a key role in this. Since the capital represented in the Chambers was mainly tied up *within the region*, they realised the possibilities of representing *their* problems as a *regional* problem and seeking to resolve them as such. The coal combines argued the need to ensure that conditions for continued capital accumulation in the region were reproduced, while representing this as in the regional interest. Consequently, they sought to construct a new governmentality, incorporating an interventionist mode of regulation that would re-define the relationship between capital and state, define the region as an object of regional policy, accord a central role to the state in attracting new industries and install the representatives of the combines as key actors in the new state institutions that would administer the new regional policies.

By the mid-1930s, therefore, combine and allied interests had successfully prosecuted a political strategy that made the case for new and radically different policies. The establishment of a Commissioner for the Special Areas in England and Wales in 1934 signalled that national government accepted the need for a major policy shift, defining and representing "Special Areas" as objects of state policy that could be acted on "at a distance". This was a shift in the dominant conception of governmentality that was to have wider consequences as regions became the objects of specific regional policies. Within the region, the formation, in 1935, of the North East Development Board (NEDB) was equally significant. Its initial aim was to allow "the exchange of opinions and concerted action on non-party lines by representatives of a great variety of interests who have no other common meeting ground." As such, the Board sought to broaden the class basis of support for the new regional development policies and construct it on a cross-class regionalist basis. By 1938, its membership included several Labour Members of Parliament, many local authority representatives and several trade unionists and members of the Industrial Advisory Council as the NEDB claimed the right to speak for the region and promote its interests.

The policy tentatively adopted by the NEDB was elaborated in 1943 by the Northern Industrial Group (NIG). The Group, the membership of which bore more than a passing resemblance to the NEDB, was formed to discuss the

problems that would arise on the “reconversion” from a war-time to a peace-time economy in the region. The NIG’s publication *“Considerations Affecting PostWar Employment in the North East”* emphasised that state intervention would be necessary to facilitate the short-period “reconversion” of the regional economy to peace-time production. Indeed, it assumed that such intervention *ought* to occur and be instrumental in achieving economic and social ends, not least by attracting inward investment to diversify the economy and help guarantee “full employment” in the region and the stem out-migration from it. The Group also had a clear view as to the form that such state intervention should take, based upon the wartime experience of its members in positions of executive power in the state apparatus. These experiences further increased support for the transition to an interventionist mode of regulation of the economic and social life in the region. This marked shift from the old Liberal fear of state intervention reflected the confidence of its private sector proponents that they could shape the activities of the state to their own requirements while representing these as in the general regional interest.

This was further confirmed when the NIG circulated its November 1944 *“Memorandum on the Government White Paper on Employment Policy”*. The White Paper suggested that in Development Areas there would be regionally organised branches of central Government Departments concerned with industrial location policy. The Group Memorandum responded to these proposals as follows: “We would like to emphasise strongly that success depends upon quick decision and that this will not be obtained unless the various Government Departments in Whitehall delegate full authority to their regional representatives”. However, this administrative decentralisation would be ineffective unless other changes were made. The Group considered it “to be of vital importance that the Government regional organisation should have effective executive responsibility” and that such an organisation should “... maintain close contact with and be advised by a parallel group representing employers, employees and other interests in the area. The Northern Industrial Group and the North East Development Association *because of their widely representative character* and the work which they are already carrying out, can advise in many ways any Government regional organisation which may be established” (NIG, 1944, 11, my emphasis).

This radical change in the conception of the most appropriate governmentality and mode of regulation, incorporating an enhanced form of devolution to the region, clearly reflected the perception by the NIG that it had successfully prosecuted political strategies that secured the interests of private capital in the north-east, and had succeeded in defining these as synonymous with the general regional interest. The enrolment of trades union leaders and Labour Members of Parliament into the coalition reflected their perception, grounded in a reformist Labourist politics, that this offered the best (or perhaps more accurately least bad and only possible) option of securing employment for their members and constituents. Seeking to create a sense of a shared regional interest involved attempting to ensure that the “spatial reaches” of economic, political and cultural processes coalesced to form the boundaries of the region – or at least were widely perceived to do so – conferring a distinctive and shared north-eastern identity to those that lived within these

common boundaries. Moreover, this establishment of a cross-class regionalist project had an enduring effect over the next sixty years of development policies in and for the region as it became a 'state managed region' (Hudson, 1989). It can be seen as the predecessor of a succession of regional plans and development strategies, grounded in a cross-class consensus as to what was 'good for the region', and administered by the 'usual suspects' within the state, private sector companies and organisations and the trades unions, typically male and middle aged (Robinson et al. 2000).

Crucially, however, these remained regionalisations of central government policies and initiatives, an administrative devolution rather than one that devolved the power to act, the power to decide on policy and commensurate resources to enable regional organisations to implement *their* policy choices (see Hadjimichalis and Hudson, 2003). In so far as business concerns in the region felt that they were able to secure their interests via these arrangements they were content to rest with administrative devolution, as were those in the local political elites and dominant strata who were satisfied that these arrangements helped secure their own power and influence within the region. However, the lack of political devolution and meaningful transfer of powers and resources to make policy and decisions within the region continued to rankle with other regional politicians and fractions of political strata in the region.

Sixty years on: regional economic success stories and contemporary arguments for regional devolution

During the 1980s voices began to be raised arguing for constitutional reform, decentralising some power to elected regional assemblies, as a way of tackling more effectively problems of unemployment, inequality and poverty in the region (Byrne, 1990). During the 1990s these voices became more numerous. The contemporary case for a Regional Assembly in the north-east has been informed by a variety of arguments, many of which are shared by Cabinet Ministers and powerful political voices within the north-east. They may be summarised as follows. First, devolution would also bring benefits in terms of new forms of participative democracy, greater political accountability and transparency in the policy making process within the region. An elected Regional Assembly would eliminate the democratic deficit created by its unelected predecessor and bring a new style of politics, centred on partnership and stakeholder engagement. Secondly, existing forms of top down regional economic policy, through which central government acted at a distance on the region, had manifestly failed and been rendered obsolete by the neo-liberal globalising economy. This made the north-east an attractive space for those seeking to promote concepts of devolution that went beyond existing forms of administrative devolution. Thirdly, an elected assembly would strengthen the position of the north-east in the competition for inward investment and associated new employment. The north-east, along with the other English Regions, has from 1999 had its own Regional Development Agency, ONE NorthEast, but this is seen as weak and lacking political legitimacy, financial resources and powers. Fourthly, those regions in the late

modern world of the European Union and the USA that have been successful in making the transition to a 'high road' of economic development, regional economic 'success stories' such as Baden-Württemberg, the Third Italy and Silicon Valley, are characterised by devolved forms of governance and regulation and this is seen as causally related to their economic success.

Critically, the stories told about these regions have led to claims – more accurately assertions – that regional economic success is based upon two conditions that are seen as both necessary and sufficient: first, that of a devolved political system, so that regions form a scale or layer in a system of multi-level governance; secondly, that the governance system extends beyond the state to encompass a range of organisations and institutions located in civil society. Together, these state and non-state institutions interact and coalesce to form supportive and enabling regional institutional formations, registered in concepts such as 'institutional thickness' (Amin and Thrift, 1994), 'untraded interdependencies' (Storper, 1995) or 'learning regions' (Morgan, 1995). Consequently, it is claimed that in order to be economically successful in the neo-liberal world regions must become pro-active subjects responsible for their own developmental trajectory and fate rather than simply passive objects of central state policies. Moreover the role of the central state is to recognise and facilitate this by devolving power and resources to regions as political actors (Hadjimichalis and Hudson, 2003).

This understanding of the determinants of regional economic success has led to normative claims that other regions, especially marginalized and peripheral regions such as north-east England, must become part of devolved political systems and develop such regionally-specific organisational and institutional formations if they are to improve their economic fortunes. For some this is simply a necessary condition, recognising that regions remain open constructions subject to a variety of externally originating forces. For others, however, necessity slides into sufficiency and leads to regionalist claims that regional devolution guarantees regional economic success, based upon a simplistic causal model but legitimated and given credibility by appeals to the re-organisation of the state thesis and a particular and partial interpretation of regional success stories.

However, at this point it is important to enter a caveat about these success stories. Whilst some herald them as egalitarian and progressive developmental models, others see them in a very different light. For example, Hadjimichalis and Papamichos (1990) argue that the economic success of much of the Third Italy was grounded in regressive gender divisions of labour and patriarchal arrangement that forced women and children to work for long hours, sometimes through the night, in poor working conditions. Often the basis of profitability was the exploitation of immigrant labour. Similarly it is worth recalling that in regions such as Baden-Württemberg, California and much of the Third Italy migrant workers form a substantial proportion of the labour force, with many illegal immigrants or on legal migrants on fixed-term

contracts renewable (or not) on an annual basis. This hardly smacks of a socially progressive developmental model to be emulated elsewhere⁵.

This emphasises the need to be cautious and critical of the way the regions and regional success are conceptualised and presented. Clearly, as noted above, there has been a considerable debate about this in recent years. Regions and the criteria against which regional success is to be gauged are social and political constructions. As such, different social groups and fractions seek to claim the right to speak for the region, to define success in particular ways, and typically in the process seek to present a sectional or particularistic interest as the regional interest. Thus those who seek to argue for regional devolution typically do not do so in a disinterested way or in a way that seeks to promote some universal regional interest but as part of a strategy to advance particular interests as the regional interest. For example, fractions of the political strata see regional devolution and devolved regional institutions as a way of promoting particular political projects and interests while others seek to oppose them precisely because they would be inimical to their interests. Nor is this a new process. As illustrated above, in the 1930s representatives of major capitalist interests in north-east England sought to construct a particular representation of the region as problematic and argue for state policy solutions to address these problems precisely as a way of seeking to protect and promote their own interests as owners of capital. In analogous fashion the policies of the Regional Development Agency created in 1999 are strongly shaped by business interests – and this is clearly one reason for the opposition of business leaders to the proposed elected Regional Assembly, which would have taken responsibility for the regional development agenda and management of the regional economy. As the Deputy Prime Minister, John Prescott recently put it in discussing the RDAs: “We made them business-led. We represented their interests and what they are fighting to keep now is the RDAs” (cited in Blitz and Tighe, 2004).

Towards a critique of regional devolution, regional planning and regional strategies in north-east England

As the most recent Index of Multiple Deprivation data (ODPM, 2004b) make dramatically clear, much of the north-east remains blighted by very high levels of multiple deprivation despite – or perhaps because of – its history of planning and state involvement. Actively addressing the needs of most people living in the north-east, but in particular those of its most disadvantaged residents, would therefore require more radical changes than implied by a degree of constitutional reform and regional devolution directly to confront questions of power and control over the production and distribution of goods and services. In this, the relationship between private capital and the institutions of central, regional and local government would need to be examined, as would their relationship to dominant social groupings in the

⁵ Indeed, the recent (2004) industrial unrest in Baden-Württemberg, especially in the automobile plants of Chrysler-Daimler, is indicative of the limits to such a developmental model.

region. For a few years in the 1950s and 1960s it looked as if the interests of capital, the state and a majority of working people and their families could be made to seem compatible in the region via state planning, but it soon became clear that this was an illusion. Planning in this context meant at best a weak form of indicative planning - a mixture of carrot and stick, through which the state attempted to persuade or bribe private capital to behave in certain ways. There were only limited controls on private capital, and certainly no powers to make it do anything other than what it perceived to be in its best interests. Consequently, attempts to persuade capital to behave in line with the projections of state indicative plans were a dismal failure.

Where there was formal state control, via nationalisation, things were little better and expansionist plans very soon became translated into uncoordinated plant closures, job cuts and crisis management as the experience of nationalisation proved disastrous for the north-east. This is not to argue that public ownership per se should be rejected but rather to acknowledge that the particular form adopted - in particular the nationalised industry - ought to be. Rather than becoming a mechanism for more rational industrial planning advancing the interests of the majority of the population of workers and consumers, nationalised industries became state-controlled companies promoted a savage form of restructuring that paid scant regard to the sensitivities of people in their places. However, to argue that all economic planning - in the ex-ante sense of making decisions about the allocation of output ahead of production - is rendered impossible by the deepening of the social divisions of labour to the point where this takes on causal powers independent, and beyond the reach, of the social relations of production (Sayer and Walker, 1992, pp. 224-30) is overly pessimistic. To dismiss all alternatives to an ex-post validation of production via the market simply because of the collapse of the command economies of the USSR and its former Eastern European satellite states is to go too far. History in this sense is not yet at an end. There may well be feasible possibilities for more rational economic planning that are sensitive to the specificities of regions such as north-east England – especially if there is some re-conceptualisation of ‘the economy’ and what it denotes. Certainly, discovering and constructing them remains a task to be undertaken but that is a very different matter from an a priori ruling of such possibilities from the agenda.

However, as of now they are very far from that agenda and denying this would carry grave political dangers. The political strategies of the last sixty years in and for the north-east prioritised the interests of big capital and central government over those of local communities, local people, workers and their families. If the interests of the latter are to be prioritised, then a radical change in political priorities will be required as well as in the spatial formation of politics in the UK and the UK state (Amin et al, 2003). This may involve a greater degree of regional devolution as a necessary condition but this in itself can never be sufficient. From the perspective of what we might term the fallacy of the lump of power, regional devolution can be seen in terms of an essential and finite quantity of power, which remains centred in the state, but some of which is re-allocated and devolved from the central (national) state to regions. Thus power is devolved but on terms decided by the central state. In

Foucauldian terms, there are micro-circuits of power widely diffused within civil society, economy and state but the national state retains a key privileged macro-scale role; decisions as to what to devolve and what targets devolved regional government must meet continue to be decided in the centre.

Attempts to create networked forms of power in and for the region, building on the long history of collaboration between social classes and groups within the region around a regional agenda, have been demonstrably inadequate in seeking to confront the structural power of capital and the structural imperative upon the national state to subordinate interests located within the region to the national interest and the dependency of the state upon the accumulation process. Moreover, such networks characterised by asymmetrical power relations within them, pre-date social scientists thinking about governance and policy in network terms (Hadjimichalis and Hudson, 2003). Indeed the construction of networked forms of power in the region has both reflected and reinforced the position of those possessing structural power rather than empowering the multitude in the region.

The issue therefore is not whether devolved government can create power in and for the region but the limits that the relationships between capital, the state and civil society impose upon the scope and content of state activity – whether at national or regional scale – and the interests that are prioritised in state policy agendas as the state seeks to navigate the perilous path between the dangers of accumulation and legitimisation crises. In this context, the switch from an emphasis on (albeit weak indicative) regional planning to regional strategies (ONE NorthEast, 1999) is more than simply semantic. Above all, it registers the dominance of a neo-liberal governmentality in which the best that can be imagined for regions such as the north-east is to ride with the tide of neo-liberal globalisation, and seek to adapt the region to capture some mobile capital investment and low grade, poorly qualified jobs in competition with other regions (and cities and national territories) globally on the low road to regional development. The region then becomes the political subject that negotiates this engagement with processes of neo-liberal globalisation and the region's place within them.

There is no doubt that a minority in the region, predominantly drawn from particular political strata and social classes, would continue to deploy the rhetorical devices of the region and its interests as a way of protecting and promoting *their* interests in this global context. There is a long history of this and no doubt it would continue to be the case were there to be an elected Regional Assembly and more devolved forms of regional governing. Whether much would change for the better for the vast majority of people living in the region remains a moot point. For example, the post-devolution experiences of Scotland and Wales suggest that the harshest impacts of neo-liberal globalisation can be softened at the margins but that there is scant scope to alter the economic development trajectories of these territories for the better. Therefore there are manifest political dangers in pinning the argument for regional devolution to the mast of regional economic success. This is only likely to lead – once again - to unrealised expectations and disappointment, discrediting the concept of devolution per se and cutting the ground from

beneath the other to-be-welcomed ways in which the concept of greater political devolution and regional accountability could enhance life in peripheral regions. There is a need for eternal vigilance to guard against the danger of allowing the pursuit of the Holy Grail of regional economic renewal and revival via regional devolution to become the device through which the central state shifts the blame onto the victim for the continuing economic problems of peripheralised regions. The rejection of the offer of an elected Assembly in the north-east suggests that a majority of residents of the region are alert to these issues.

At a minimum, prioritising the interests of the vast majority of people in the north-east would involve establishing a different conception of planning, and effecting a radical change in socio-economic priorities and in the mode of regulation and dominant governmentality. Whether this is feasible remains, at best, an open question. It may well be, to borrow Offe's (1975) evocative phrase, the case that the impossible may be necessary and the necessary impossible in terms of creating powers and resources at regional level that would allow an effective determination of the regional economic development trajectories that challenged the imperatives of capital accumulation. Maybe it is no longer feasible even to think of national, or even supranational, regulatory regimes which would allow effective planning via significant influence over, let alone control of, private capital's (dis)investment decisions, and even less the socialisation of key sectors of the economy. Perhaps there is no effective alternative to the disciplinary powers of the market and the law of value in determining the fate the regions – for better or, almost certainly, worse. If so, it is better, though painful, to recognise this so that people in areas such as the north-east can better understand the sort of future they face and make their choices accordingly and not raise yet more false hopes on the back of devolutionist assertions and claims about transferring power to the region.

Conclusions

As I have illustrated, concepts such as those of power, state re-organisation and governmentality are helpful in understanding the developmental trajectory of north-east England, especially once this is located in the conceptualisation of the region as a discursive as well as a material construction. In this context, the proposals for an elected Regional Assembly can be seen as expressive of an emergent neo-liberal governmentality, incorporating multi-level forms of governance, seeking to unite diverse social classes and groups around a common regionalist project. These proposals drew on a long history of cross-class collaborative projects, which claimed to represent “the regional interest”, and of administrative devolution whereby central government policies for the region were executed by a small cadre in the region.

However, questions remain about the efficacy of the new governmentality and about who would be its main beneficiaries in the region – and the rejection of the offer of an elected Assembly suggests that these are not simply academic concerns. The extent to which devolution would actually involve transferring

power to the region and the capacity of networked forms of power within the region to counter the structural power of capital and shape central state policies remains unclear. Not least, the key players in the new forms of devolved government would be substantially the same as in the previous forms of devolution – that is, the ‘usual suspects’ drawn from business and political elites in the region. Issues relating to asymmetries in power and the ability of different social classes and groups within the region to realise *their* interests would remain opaque. What is clear is that any notion of the region as a unified and coherent political subject pursuing policies (for example, via an elected Assembly) to further a shared regional interest is untenable. The recent re-thinking of the region allows an escape from the limitations of the myth of a unified (and unifying) regional interest and explicitly acknowledges the existence of different – and at times openly competitive, grounded in different class structural positions and sources of power – interests held by individuals and social groups living in the same space. Within such an agonistic politics, which interests prevail and which are prioritised in state policy agendas is the outcome of overtly political struggle based on a recognition of difference – albeit a difference often grounded in structurally asymmetrical power relations - rather than a presumption of homogeneity of interest on the basis of a shared regional identity. A consequence of this is that defining regional economic success becomes problematic, since this cannot be divorced from distributional issues of equity within the region. What can be safely stated is that, at a minimum, realising such alternative conceptions of development will require a lot more than simply some limited devolution of political power within the structures of the state and systems of multi-level and multi-scalar governing. But that must remain the subject of a different paper

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